



Order Filed on December 26, 2024
by Clerk
U.S. Bankruptcy Court
District of New Jersey

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

**McMANIMON, SCOTLAND
& BAUMANN, LLC**

75 Livingston Avenue, Suite 201
Roseland, New Jersey 07068
(973) 622-1800

Anthony Sodono, III (asodono@msbnj.com)
Andrea Dobin (adobin@msbnj.com)
Michele M. Dudas (mdudas@msbnj.com)
*Counsel for M Design Village, LLC, Chapter 11
Debtor and Debtor-in-Possession*

In re:

M DESIGN VILLAGE, LLC,

Debtor.

Chapter 11

Case No. 24-21406 (MEH)

**STIPULATION AND CONSENT ORDER REGARDING GLOBAL RESOLUTION
BETWEEN M DESIGN, LLC, CHAPTER 11 DEBTOR AND DEBTOR-IN-
POSSESSION, RBLX FUNDING, LLC AND MERK FUNDING, INC.**

The relief set forth on the following pages, numbered two (2) through six (6), is hereby
ORDERED.

DATED: December 26, 2024

A handwritten signature in black ink, appearing to read "Mark E. Hall".

**Honorable Mark E. Hall
United States Bankruptcy Judge**

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Debtor: M Design Village, LLC
Case No.: 24-21406 (MEH)
Caption of Order: Stipulation and Consent Order Regarding Global Resolution Between M Design Village, LLC, Chapter 11 Debtor and Debtor-in-Possession, RBLX Funding, LLC and Merk Funding, Inc.

WHEREAS, on or about August 23, 2024, M Design Village, LLC (“**Debtor**”) and Merk Funding, Inc. (“**Merk**”) entered into a Future Receipts Sale and Purchase Agreement, whereby Merk allegedly purchased \$400,000 of the Debtor’s future receipts for \$556,000 (“**Merk Agreement**”); and

WHEREAS, on or about October 1, 2024, the Debtor and RBLX Funding, LLC (“**RBLX**”) entered into a Merchant Agreement, whereby RBLX allegedly purchased \$1,000,000 of the Debtor’s future receipts for \$1,390,000 (“**RBLX Agreement**”); and

WHEREAS, on November 18, 2024 (“**Petition Date**”), the Debtor¹ commenced its voluntary Chapter 11 proceeding pursuant to 11 U.S.C. § 301, *et seq.*; and

WHEREAS, on November 19, 2024, the Debtor filed its Motion for Interim and Final Orders: (I) authorizing the Debtor to use cash collateral pursuant to Title 11 of the United States Code, 11 U.S.C. §§ 105, 363(c)(2)(B), 363(e), and 507(b), Rule 4001(b) of the Federal Rules of Bankruptcy Procedure, and Rule 4001-4 of the District of New Jersey’s Local Bankruptcy Rules; (II) to enter into the Post-Petition Factoring Agreement, Post-Petition Purchase and Sale Agreement, Post-Petition Security Agreement and related documents with Versant Funding LLC (“**Versant**”) to (i) sell certain accounts receivables pursuant to 11 U.S.C. §§ 363(b) and (f), (ii) grant Versant super priority claims, liens on and security interests in property of the estate to secure payment of Post Petition Factoring Arrangement and related financial accommodations pursuant

¹ Where appropriate, the Debtor, Merk and RBLX will be collectively referred to as the “**Parties**.”

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to 11 U.S.C. §§ 364(c) and (d); and (III) to schedule a final hearing on the matters (the “**Motion**”) [ECF 5]; and

WHEREAS, on November 20, 2024, Merk commenced suit in the Supreme Court of New York, Monroe County, against Munir Hussain, Chief Executive Officer of the Debtor, Lavina Dsouza, Chief Operating Officer of the Debtor, and others, at Docket No. E2024019696, to enforce on the personal guaranties under the Merk Agreement (“**Merk Litigation**”); and

WHEREAS, on November 21, 2024, RBLX [ECF 16] and Merk [ECF 21] filed their respective Objections to the Motion; and

WHEREAS, on November 22, 2024, the United States Bankruptcy Court for the District of New Jersey conducted the hearing on the Motion, and granted interim relief, over the Objections of RBLX and Merk and, if on consent, scheduled an evidentiary hearing on the Motion for December 18, 2024; and

WHEREAS, RBLX and Merk subsequently took the position that Versant should not be able to participate in evidentiary hearing; and

WHEREAS, on December 4, 2024, the Debtor filed its Adversary Complaint at Adv. Pro. No. 24-1639 (MEH) against Versant, the United States Small Business Administration, Cloudfund, LLC (“**Cloudfund**”), Samson MCA LLC (“**Samson**”), 7even Capital LLC (“**7even**”), Dual Capital, LLC (“**Dual**”), Merk and RBLX² seeking, *inter alia*, (i) a determination of the nature, extent, validity and priority of security interests, (ii) for a declaration that merchant cash advance

² Where appropriate, Cloudfund, Samson, 7even, Dual, Merk and RBLX will be collectively referred to as the “**MCA Defendants**.”

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(“**MCA**”) agreements are loan agreements, (iii) for declaratory judgment that none of the MCA Defendants have a lien on the Debtor’s collateral as of the Petition Date, (iv) for declaratory judgment that none of the MCA Defendants have perfected liens, (v) for equitable subordination of any claims of the MCA Defendants, (vi) for a declaration that the MCA-type agreements are void and unenforceable, (vii) for the avoidance of preferential payments made to the MCA Defendants, (viii) for violation of the automatic stay against Defendant 7even, (ix) for disallowance of claims of the MCA Defendants, and (x) for false claims made by Samson and 7even (the “**Adversary Complaint**”); and

WHEREAS, after briefing by the Parties and Versant filed on December 3, 2024 [ECF 55, 56 and 57, respectively], on December 5, 2024, the Court ruled that Versant could participate in the evidentiary hearing, and scheduled briefing and discovery, and set the evidentiary hearing for December 23, 2024, at 9:00 a.m.; and

WHEREAS, between December 9, 2024 and December 12, 2024, the Parties engaged in discovery, including, but not limited to, the depositions of representatives of the Parties; and

WHEREAS, on December 12, 2024, the Parties reached a global resolution respecting the Motion, Adversary Complaint, and related relief, including the treatment of RBLX and Merk in any plan to be filed by the Debtor; and

WHEREAS, on December 12, 2024, the Interim Order granting the relief set forth in the Motion was entered [ECF 70]; and

WHEREAS, on December 16, 2024, the Parties placed the terms of the within Stipulation and Consent Order (“**Stipulation**”) on the record before the Bankruptcy Court; and

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WHEREAS, the parties to this Stipulation have agreed to the within resolution of certain claims as set forth herein and on the record; and

NOW, BE IT HEREBY STIPULATED AND AGREED BY AND BETWEEN THE DEBTOR, RBLX AND MERK AS FOLLOWS:

1. Upon entry of this Stipulation, RBLX and Merk will withdraw their Objections to the Motion with prejudice, in exchange for an allowed general unsecured claim in the total amount due as of the Petition Date. For the avoidance of doubt, if any claim of Merk includes an alleged “default fee,” said fee fixed in the amount of ten (10%) percent. The claim of RBLX is estimated to be approximately \$1,275,000.

2. Merk will agree to stay any prosecution of Merk Litigation and RBLX will not pursue any rights to prosecute any alleged rights under any personal guaranty under the RBLX Agreement until confirmation of the Debtor’s plan. All Parties, including any guarantors, reserve all claims and defenses with respect to same.

3. So long as the Debtor proposes a distribution of ten (10%) percent under its proposed plan, Merk and RBLX will support their respective treatment as a general unsecured creditor. If the proposed treatment to general unsecured creditors is less than ten (10%) percent, then RBLX and Merk reserve the right to object to confirmation on any valid basis.

4. Upon entry of the within Stipulation, the Debtor will agree to dismiss the Adversary Complaint without prejudice as to RBLX and Merk only, and with prejudice as to RBLX and Merk only, upon confirmation of Plan on terms consistent with this Stipulation. Any statutory deadlines for avoidance actions will be tolled during this time.

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5. Nothing in this Stipulation shall bind any party-in-interest other than the parties to this Stipulation.

Stipulated to on the terms provided herein:

**McMANIMON, SCOTLAND
& BAUMANN, LLC**

*Counsel to M Design Village, LLC, Chapter 11
Debtor and Debtor-in-Possession*

KAMINSKI LAW, PLLC

*Co-Counsel to RBLX Funding, LLC and Merk
Funding, Inc.*

By: /s/ Michele M. Dudas
Michele M. Dudas

By: /s/ Shanna M. Kaminski
Shanna M. Kaminski
(*admitted pro hac vice*)

GUTFLEISH LAW, LLC

*Co-Counsel to RBLX Funding, LLC and Merk
Funding, Inc.*

By: /s/ Harry M. Gutfleish
Harry M. Gutfleish